SPEAKER BARRETT: Senator Hartnett.

SENATOR HARTNETT: Mr. Speaker, members of the body, I would simply like to talk about AM2756, the highway bonding. And I think I passed out a sheet to you this morning and I'd simply like to go through there and highlight some of what is in LB 632 with AM2756. It would first create a new fund, the Highway Restoration and Improvement Bond Fund. There would be no interference with the current fund of...flow of funds to cities and counties. It would modernize the bond language to conform with current market practice. There would be an automatic raise in variable tax to pay for the bonding, no need for legislative action to adjust the gas tax, and we get better bond rating because of the indicated tax receipts. Short term bond option to prevent smaller issues for shorter periods of time, more legislative flexibility and the ability to keep the arbitrars earning up to six months on investment for bond receipts; authorization to issue up to 50 million in bonds for construction, reconstruction, rehabilitation of any state highway, not just the interstate highway or to deal with cash flow problems. It's permissive legislation to issue bonds. Decision is left to the best discretion of the Governor and the Highway Bond Commission on when to issue bonds and when it is unwise to do so. And I think it would be...the members of the Highway Bond Commission, there are five members to it, is the Governor, the Director of Roads, the Chairman of the Highway Commission and two members appointed by the Governor. This bill...this amendment, this bill in amended form creates a new bonding mechanism, authorizes agents of bonding for stated purposes and provides for the payments of bonds through the automatic increase in variable gas tax. The Highway Restoration and Improvement Bond Fund is a new bond fund created by this bill. The use of the old Highway Trust Fund for bonding would have meant that the cities and the counties would subsidize 46.66 percent of the cost of bonds out of their share of the funds. The variable gas tax is automatically raised to cover the cost of bonds, principal and interest in all the years which they are outstanding. Modern municipal bond market practices are sufficiently different from those that existed when the bond statutes were originally drafted in 1969, but several changes have been made in these statutes...in this bill to bring the state up to date and to ensure the maximum amount of flexibility and minimizing insurance costs and guaranteeing the high possible rating of Nebraska bonds. The short-term bond or note